# Perspectives on cutback management in public organisations : what public managers do
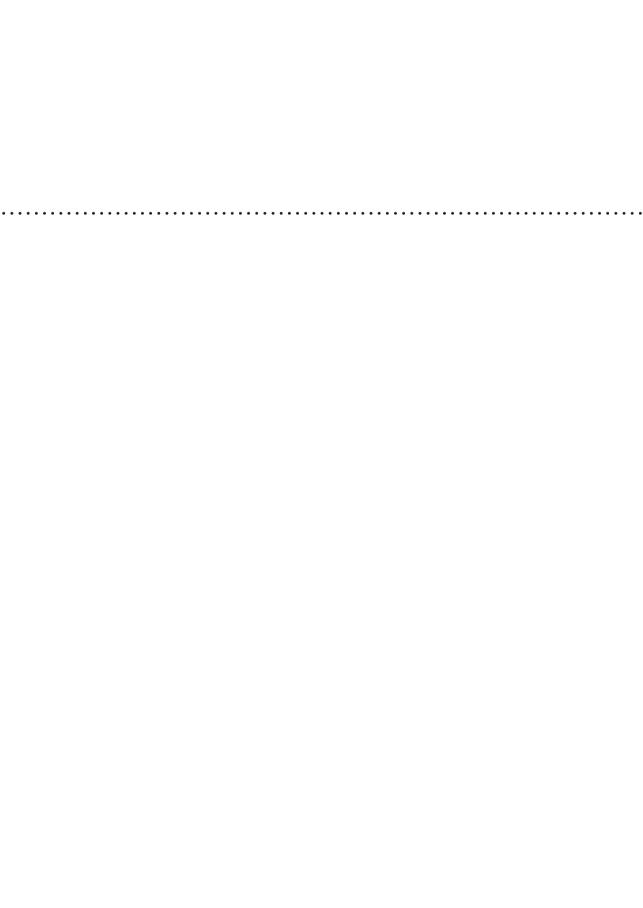Schmidt, J.E.T.

Cover Page

Universiteit Leiden

The handle http://hdl.handle.net/1887/83488 holds various files of this Leiden University dissertation.

**Author**: Schmidt, J.E.T.
**Title**: Perspectives on cutback management in public organisations : what public managers do
**Issue Date**: 2020-01-30

# Chapter 5

## Managing downward
A leadership perspective

# CHAPTER 5 – MANAGING DOWNWARD: A LEADERSHIP PERSPECTIVE[13]

## ABSTRACT

This paper explores what type of leadership public managers engage in during cutbacks. A qualitative case study involving cutbacks in three public organisations shows how cutbacks trigger centralized decision-making and top-down planned change processes, reducing public managers' room to manoeuvre. Within such processes, public managers' leadership behaviour becomes focused on securing employees' support for change in ways that vary across levels of the organisational hierarchy. Based on a comparison of the empirical findings with insights from the literature streams on change leadership, transformational leadership, and crisis leadership, the paper formulates propositions on how cutbacks affect leadership behaviour of public managers.

---

13  This chapter is published as: Schmidt, J.E.T. and Groeneveld, S.M. (2019). Setting Sail in a Storm: Leadership in Times of Cutbacks in *Public Management Review.*

## 5.1 INTRODUCTION

Confronted with severe budget cuts, many public managers face the challenge of implementing cutback-related changes within their organisation, which often implies that organisational structures and practices have to change (Van der Voet and Van de Walle, 2018). This generally requires extraordinary levels of leadership from public managers (Pollitt, 2010) as organisations and their employees are not overly receptive to change in times of austerity (Wright et al., 2013) and public organisations cannot easily choose to stop specific services (Levine, 1979). The latter point implies that public organisations are confronted with decreasing budgets and, at the same time, similar or even rising demands for public services (Pandey, 2010) without money to lubricate the change (Pollitt, 2010). It is especially in such difficult circumstances that leadership is most visibly and decisively exercised ('t Hart and Uhr, 2008; Stoker, Garretsen, and Soudis 2018).

Leadership has been identified as a key factor for successful organisational change processes (Fernandez and Rainey, 2006; Higgs and Rowland, 2011) in both the change management and the cutback management literatures (Schmidt et al., 2017). However, relatively little is known about public managers' leadership behaviour during cutbacks, despite cutbacks being seen as among the "*new challenges and pressures that are placed on public organisations and their leaders*"(Vogel and Masal 2015: p. 116). The study therefore aims to explore the leadership behaviours that public managers engage in when they are faced with making cutbacks in their organisation. While leadership intentions and perceptions are not necessarily aligned (Jacobsen and Andersen 2015; Lee and Carpenter, 2018), we specifically aim to explore leadership behaviour public managers engage in and their underlying motives. Our research question is: *"What leadership behaviour do public managers engage in during cutbacks?"*

While cutbacks have returned to the public administration research agenda in recent years, most studies on cutback management focus on macro-level issues such as fiscal consolidation (Kickert 2015; Kickert and Randma-Liiv 2015, 2017) and public administration reforms (Di Mascio et al., 2013; Ladi, 2013; Mccann, 2013). By focusing on public managers' leadership behaviour during cutbacks, this study aims to increase our understanding of cutback management practices within public organisations. In so doing, this article also contributes to the increasing number of studies on leadership in public management. Historically, the focus has been on the effects of leadership style, and the specificities of the organisational context have largely been ignored. This is changing, and integrating context in research about leadership behaviour is increasingly promoted (Bryman et al., 1996; Meier, Andersen, O'Toole, Favero, and Winter, 2015; Porter and McLaughlin, 2006). Scrutinizing the role of context is twofold (following Johns, 2006): (1) by focusing on how leadership behaviour is manifested in a specific context and (2) by focusing on how characteristics of the context affect the prevalence of (aspects of) leadership behaviour. Our study reflects this trend by exploring aspects of leadership behaviour, both their manifestations and their prevalence, in the specific context of cutbacks.

As we are interested in leadership in the process of implementing cutback-related change, our focus is mostly on the internal organisation. Following Yukl (2006: p. 8) we define leadership as including *"the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives"* We further assume that leadership entails rational-adaptive behaviour by public managers, i.e. that public managers ultimately try to realise organisational goals. While it has been argued that leadership may function as a way to smooth (Levine, 1979) or even resist cutbacks (Lambright, 1998), our focus is on leadership behaviour when public managers are tasked with decision-making and implementation of cutbacks, whose magnitude has already been determined elsewhere.

This article presents the results of a qualitative study consisting of 51 interviews with present and former public managers working in the Dutch civil service. Dutch ministries and executive agencies had already been confronted with cutbacks for more than a decade when a newly founded coalition entered office in 2012 and announced additional cutbacks for central government ranging from 6.6 to 25 per cent of the annual operational expenditure. We focus on three organisations that have all been confronted with substantial budget cuts, although the magnitude of the cutbacks differed among the managers involved.

We start our article by exploring the literature on transformational leadership, change leadership, and crisis leadership. Following this, we describe the cases and the methods used. After presenting the findings, we discuss six propositions on leadership during cutbacks and conclude with some remarks on possible avenues for further research.

## 5.2 CONCEPTUAL FRAMEWORK

Leadership has been approached in a wide variety of ways, from cookbook type guides on how to be an effective leader through to thorough academic work. Research usually focusses on a single leadership theory or style and avoids comparing or integrating different theoretical perspectives (Ospina, 2017; Vogel and Masal, 2015), resulting in a fragmented academic field. In this study, we apply three different leadership theories to explore leadership behaviour during cutbacks: transformational leadership, change leadership, and crisis leadership, and then integrate these theories in a conceptual framework. We chose to include these leadership theories, for two important reasons. First, as stated, the role of leadership during cutbacks has received only limited attention in public management and generic management studies (but see Van der Voet and Vermeeren, 2016, Park, 2019 and Stoker et al., 2018). Second, the three different leadership theories that are used can help shed different, but complementary, lights on leadership behaviour within an organisation. Transformational leadership and change leadership have been used to study leadership behaviour of public managers during organisational change, which is closely related to cutback management (Schmidt et al., 2017). We also draw from crisis leadership literature, as cutbacks can be perceived

as a shock (and sometimes disruption) to the organisation and therefore, crisis leadership may also serve as a useful perspective to analyse leadership behaviour during cutbacks.

We mainly draw from studies conducted in the public sector, as organisational publicness may affect what public managers can do during cutbacks (Pandey, 2010; Bostock, Breese, Ridley-Duff and Crowther, 2019). One of the main differences between public and private organisations when it comes to cutbacks, is that public organisations cannot easily choose to stop their services (Andrews et al., 2013) or choose to increase revenues (Pandey, 2010).

## Transformational leadership

Transformational leadership has been one of the predominant perspectives on public leadership during change (Vogel and Masal, 2015). A transformational leadership style builds on the notion that *"effective leaders transform or change the basic values, beliefs, and attitudes of followers"* (Podsakoff et al., 1990: p. 108) by recognizing the *"importance of collective or organisational outcomes"* (Moynihan, Pandey, and Wright, 2012: p. 147). We adopt the widely used conceptualization of transformational leadership (Bass and Avolio, 1995) that includes four dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (see also: Bass, Avolio, Jung, and Berson, 2003).

Idealized influence involves leaders who are *"admired, respected, and trusted"* (Bass et al., 2003: p. 208) and followers who can identify with the leader. Through idealized influence, leaders show behaviour that is congruent with the projected vision and hence act as a role model.

Inspirational motivation refers to leaders communicating in a way that inspires their employees or followers through a compelling vision (Bass et al., 2003). Transformational leaders appeal to the higher values and ideals of their subordinates, rather than raising consciousness of basic emotions such as fear or jealousy. Nevertheless, articulating a vision is not directly aimed at ensuring employee support for changes (Van der Voet, 2016). Rather, this aspect of transformational leadership may serve to *"energize groups to persist when conditions are unpredictable, difficult, and stressful"* (Bass et al., 2003: p. 216). In times of cutbacks, which can sometimes be regarded as unpredictable, difficult, and stressful, public managers might outline a clear vision of the future to motivate employees to change their behaviour, beliefs, and attitudes. As this dimension tends to correlate highly with idealized influence, both dimensions are generally grouped together (van Knippenberg and Sitkin, 2013), and viewed as 'charisma'. In very demanding situations, such as cutbacks, charismatic leadership may not only be required, it can also be more difficult to exhibit (Halverson et al., 2004).

Intellectual stimulation entails leaders encouraging their employees to come up with ideas on how to deal with certain issues (Wright and Pandey, 2010). Creating an environment in which new ideas are heard can be challenging during times of cutbacks since a conservative climate often dominates in such times (Cayar, 1986). Furthermore, employee participation in the implementation process of cutback-related change is often limited (By, 2005, Van der Voet, Kuipers, and Groeneveld, 2013).

Individual consideration involves public managers recognizing the differing needs of their followers (van Knippenberg and Sitkin, 2013). Although cutbacks may well lead to decreased

employee wellbeing (Kiefer et al., 2015), the negative relationship between implementing cutbacks and employee wellbeing can be mitigated by managers giving attention to the individual needs of employees (Van der Voet and Vermeeren, 2017).

## Change leadership

The crucial role of leadership in managing organisational change is highlighted in many publications within the change management literature (Gill, 2002). This literature stream has long focused on the role and behaviour of public managers at the top of the organisation (Gill, 2002; Fernandez and Rainey, 2006), although recent publications also highlight the importance of lower-level managers or direct supervisors in bringing about change (Van Dam, Oreg, and Schyns, 2008). Generally, top-level public managers are seen as important in the first phases of organisational change – by initiating, directing, and supporting change. Lower-level public managers are more important in the process of implementing changes (Burke, 2010). The literature on the process of organisational change is dominated by a differentiation between planned and emergent change (By, 2005). The planned approach to organisational change starts with the notion that change follows a stable process towards a pre-defined goal and is often preceded by top-down decision-making. Emergent change, on the other hand, is seen as a continuous process without a pre-defined goal, and is usually linked to bottom-up processes. A high level of environmental complexity, centralized decision-making, a lack of voluntary retrenchment, and time constraints make it likely that cutback-related change follows a planned process (Schmidt et al., 2017).

There are differences in the type of leadership observed during planned or emergent change (Van der Voet, Groeneveld, and Kuipers, 2013). Most of the change leadership activities within planned change processes are aimed at securing support for the envisioned changes, or at least decreasing resistance. Trying to gain support for change involves getting support from employees (Wright et al., 2013), from senior-level managers (Stewart and Kringas, 2003), and from the political level (Fernandez and Rainey, 2006). Research shows that public managers cannot usually expect cutback-related changes to have the same support as innovation-driven changes (Kiefer et al., 2015; Wright et al., 2013). Furthermore, motivating employees to help achieve cutbacks might be difficult since there are rarely rewards on offer (Raudla et al., 2015). The literature on change leadership provides evidence that communication and employee participation in the change process can help public managers reduce the resistance to change and may help alleviate some of the negative consequences of cutbacks for employee wellbeing (Van der Voet and Vermeeren, 2017).

In terms of communication, it has been noted that, in order to get employees on board, public managers need to highlight the necessity and urgency of change (Fernandez and Rainey, 2006; Van der Voet et al., 2013). In such processes, communication efforts should centre around clear and definable goals of the change (Alvarez, 2016) in order to show employees what the process will look like. Here, Behn (1980) shows that the communications by public managers can involve establishing the inevitability of resource decline and the dramatization of the cost of not cutting expenditure. Another way in which communication may be used by public managers is by fram-

ing change. Higgs and Rowland (2005) argue that public managers may use framing to show why change is necessary. Cutbacks can also be framed as innovation to increase enthusiasm for change (Kiefer et al., 2015).

While it has been argued that employee participation is generally higher in emergent change processes (By, 2005), combinations of planned and emergent change can also be observed (Weick, 2001). In other words, even in planned change processes it is likely that public managers will seek ways to include employee participation within the process in order to diminish resistance to change (Weick, 2001). Whereas change management literature focusses on the importance of participation, the cutback management literature also warns that participation may elicit resistance. Levine (1979) coined the term *'participation paradox'* to highlight that participation in a process of cutbacks may increase resistance through employees behaving protectively. However, failing to take the inputs of employees seriously during a change process can fuel long-term resistance (Fernandez and Rainey, 2006).

## Crisis leadership

The role of leadership in extreme contexts, such as terrorist attacks or natural disasters, is considered in the crisis management literature. It can be questioned whether a *financial* crisis can be seen in a similar light. That being said, given that crises have been described as events or problems that (1) threaten the core values of an organisations, (2) have a restricted time frame, and (3) are surrounded by uncertainty (Hermann, 1963), one can see crises as a specific type of change leadership (Van Wart and Kapucu, 2011). Contrary to change management literature, crisis leadership is generally concerned with decision-making processes during crises, rather than with questions of implementing changes (Van Wart and Kapucu, 2011). Consequently, studies on crisis leadership are often focused on high-level political and administrative actors who have a central role in crisis decision-making (Boin and 't Hart, 2003; Boin et al., 2010).

It is often assumed, and indeed found, that crises call for the centralization of decision-making (Boin et al., 2010), commonly in a small group of core actors such as the political and public leaders (Boin et al., 2010). One reason for this is that, during a crisis, public and political leaderships need to find ways to coordinate their actions in order to avoid later blame games. Here, 't Hart and Uhr (2008) argued that *"the most characteristic dilemma"* of public managers is that they need to manage both upwards and downwards: they are expected to serve their political masters and at the same time lead their organisation. The relationship between public and political leaders is further emphasized by Cepiku et al. (2016: p. 6) who argue that, in the decision-making process, "*the ultimate decision will depend on their [the public and political leaders'] relationship and their relative strength*".

Centralization of decision-making and the need for quick decisions result in communication being vital (Van Wart and Kapucu, 2011), both to the managers' subordinates as well as to the outside world, for example to persuade the wider public of the need for crisis-induced changes (Boin et al., 2010). Other aspects of this leadership behaviour are serving as role models and demonstrating trustworthiness through open communication (Van Wart and Kapucu, 2011). Communication

also relates to the earlier mentioned possibility that crisis leadership can lead to blame games, with certain changes being caught in so-called *'framing contests'* between actors that either oppose or advocate a certain reform (Boin et al., 2010). Similar dynamics of centralization have also been emphasized in the cutback management literature. During the latest financial crisis, many examples of centralized decision-making have been observed (Savi and Randma-Liiv, 2015; Kickert, 2012). While researchers highlight the importance of opening up government to clarify the cutback management process (Levine, 1984), research has shown that, during cutbacks, even top public managers are sometimes kept at a distance (Peters, Pierre, and Randma-Liiv, 2011). Nevertheless, while decision-making may become centralized, dealing with cutbacks does not often require an instant decision (Raudla et al., 2015), as might be the case in more extreme contexts (Hannah, Uhl-Bien, Avolio, and Cavarretta, 2009).

While crises may serve as windows of opportunity for cutback-related change (Pollitt, 2010) since the need for change is clear, the sense of crisis may be short-lived. The role of the public manager then becomes showing that the crisis still endures and that cuts remain necessary. Some crisis management scholars have also argued that changes and reforms induced by crises may create challenges in the longer term and that public leaders should therefore be hesitant in pushing for reform in times of crisis (Boin and 't Hart, 2003). One might also question the extent to which radical change is possible during a crisis since there could be a 'conservative reflex' aimed at defending core values (Boin and 't Hart, 2003), with public managers reverting to traditional values and a more conservative climate (Cayer, 1986; Levine, 1984).

## Synthesis

The various elements of leadership behaviour that have been discussed above are distinctive yet also show overlap. This is shown in table 5.1, that serves as the conceptual framework for the analysis. We distinguish between three main aspects of leadership behaviour: (1) leadership behaviour centred around communication of cutback-related changes, (2) leadership behaviour regarding the interaction with employees in the process of managing cutback-related change, and (3) the role of role modelling behaviour. We can group elements of the different leadership theories that have been discussed under these heading, but (as table 5.1 shows) the different leadership theories are distinctive in *how* and *why* certain behaviour is exhibited.

## 5.3 DATA AND METHODS

### Research design

To explore what leadership behaviour public managers' engage in during cutbacks, we used a qualitative research design. Qualitative research enables attention to be given to the particular circumstances (Antonakis et al., 2004) and their implications for the way in which leadership is exhibited (Bryman, 2004). In this study, we used semi-structured interviews with public managers

**TABLE 5.1** *Leadership behaviour within different leadership theories*

| Leadership behaviour | Transformational leadership | Change leadership | Crisis leadership |
|---|---|---|---|
| **Communication** | Inspirational motivation: outlining a vision, inspiring through vision. | Ensuring the need, stating the urgency of change | Framing changes; blame games. |
| **Interaction with employees** | Intellectual stimulation: motivating employees to come up with ideas; recognizing individual needs; individual consideration. | Collecting input from employees in the change process (in planned change processes) | Centralized decision-making, little room for employees to participate. |
| **Role modelling** | Idealized influence: showing behaviour congruent with the projected vision. | Providing the right example to ensure employee support | Being a role model to increase trustworthiness. |
| **Orientation** | Mostly internal, the leadership behaviour of immediate supervisors. | Both internal and external focus: internally oriented towards securing support from both employees and top management; externally oriented to help institutionalize change | Largely externally oriented, towards stakeholders in the environment. Internally, less so, behaviour is targeted at the relationship between public and political actors |

in various hierarchical positions, and in three cases that differ in the magnitude of the cutbacks being implemented[14]. Our study should be seen as a multiple case study, rather than a comparative case study. The main advantage of a multiple case study, is that using such a design helps to better explore and understand a particular phenomenon as differences and similarities across cases can be observed (Yin, 2009).

While many leadership studies are either unclear about what management-level they focus, or do not take management-level into account, we expected that interviewing public managers at different hierarchical levels would help us to cover a wide variety of experiences and behaviours regarding cutbacks.

In all cases, the magnitude of cutbacks (e.g. the percentage of the budget that needs to be cut) was predefined by political superiors. However, how the organisations should realise these budgetary reductions, was part of the responsibility of public managers. The decisions that are made by public

---

14   As this study is part of a larger research project on cutbacks in Dutch public organisations, we conducted an extensive ex-ante analysis before deciding which cases to select for this paper. Interviews with more than 20 top civil servants from different ministries were held to gain insight in what particular cases of cutback-related changes were being implemented. These cases were further studied by reading policy documents and budgetary reports. We decided to include these three cases as they were all implementing cutback-related changes during the same period, yet differed in the magnitude of cutbacks that needed to be implemented. Including different cutback contexts fit our exploratory aims.

managers, therefore, do not concern the magnitude of cutbacks but do concern the content (*what* is cut back) and the process (*how* are cutback-related changes implemented) of cutback management.

The first case involves organisations within the penitentiary system. Dutch prisons were confronted with cutbacks to their budgets of approximately 30%. These cutbacks led to two types of organisational changes. First, some prisons were expected to do the same with less (Dooren et al., 2015), resulting in personnel reduction and changes in the daily practices within prisons. Second, almost half of all Dutch prisons were to be closed down. The decisions on how, what, and where to cut had already been taken in the higher managerial echelons, while the public managers in lower-level management positions were tasked with the implementation of cutback-related change. Twenty public managers were interviewed for this case. Respondents were interviewed at all levels of the organisation, both top civil servants and lower-level public managers.

The second case is a ministry confronted with cutbacks of over 15% to its budget. A large proportion of this ministry's operational expenditure was reserved for accommodation and personnel costs. The ministry's management board therefore decided to cut back on accommodation and implement an organisation-wide programme of flexible working arrangements, rather than reducing personnel. The proposed changes included a 30% reduction in floor space and, consequently, having only seven work places for every ten employees. Most civil servants had to give up having a fixed office and desk, and instead work in a flexible 'clean desk' environment. The overall framework of the organisational change was determined by public managers in the highest echelons. Within this overall framework, public managers were autonomous in how they developed a process to implement the changes. Twenty-five public managers, at all levels of the organisation, were interviewed for this case.

The third case is another ministry, confronted with a reduction of about 9% to its budget. Within this ministry, cutbacks were realized by implementing across-the-board cuts within the organisation. Cutbacks were not to lead to significant changes in the organisational processes, rather, public managers were expected to spend less through a freeze on hiring and had to find efficiency gains throughout the organisation. Public managers in the highest echelons (the so-called management board) made the decision to share the pain of cutbacks by means of proportional cuts. Six of the seven top civil servants who made up the management board were interviewed.

## Data collection

Public managers working in a range of hierarchical positions were included in the study to captured the variety of experiences regarding cutbacks. Top civil servants, such as secretaries-general and directors-general (the top two positions within the civil service hierarchy), have important roles in the decision-making processes regarding the content of cutbacks and the first stages of implementation. As an organisational change progresses, middle and lower-level managers such as directors and heads of department (the third and fourth positions in the hierarchy) become more critical to the process (Burke, 2010). All interviews were conducted by the same author, as part of a larger research project on cutback management in Dutch public organisations.

## Topic list and analysis

Despite the vast amount of literature on leadership, qualitative leadership research usually fails to build upon earlier research, which limits the accumulation of knowledge on leadership (Bryman, 2004). One way to avoid this is to design a topic list based on known leadership behaviours as described in table 5.1. Nevertheless, as the goal of this paper is to explore leadership behaviour, we initially asked respondents' general questions about their behaviour. The topic list then allowed us to dig into the theoretically relevant constructs of leadership and focus on leadership behaviour in the context of cutbacks. Such a semi-structured approach to the interviewing also allows one to incorporate new knowledge that had not been anticipated.

All the interviews lasted about an hour, and were recorded, transcribed, and analysed using Nvivo software. The coding procedure involved different stages. First, the interviews were open coded with the goal of exploring the empirical material. As we had depicted different leadership behaviours and different elements to cutbacks, the fragments within the data were coded accordingly. Within this phase, data segments were thus given their first codes, which resulted in a long list of codes. Second, we used axial coding to assess overlap and differences among the fragments falling within each code. In this way, some codes were split into multiple sub-codes while other codes were merged into a single code, reflecting the literature as presented in table 5.1. The final codes used in this study are included in the appendix, grouped in line with the leadership behaviours presented in table 5.1.

In order to learn more about the particular contexts of the different cases, the interviews were supplemented with two other data sources: policy documents from the organisations that were studied, and data from interviews held with policy advisors and otherwise involved actors.

## 5.4 FINDINGS

We present the findings of our study by discussing the various leadership behaviours across cases.

### Communication

One of the first steps in all the change processes was letting employees know about the proposed changes. How public managers delivered their message varied greatly among the three cases and seems to be particularly driven by the magnitude of the cutbacks, which had implications for both the impact of the cutback-related changes within the organisation and the political salience of the measures. Public managers in the first case, employed as prison directors, were confronted with budget reductions that led to the decision to close almost half of all prisons, thereby threatening the job security of about 3000 employees. As these cutbacks were politically highly sensitive, all the prison directors were ordered by their political and administrative superiors to simultaneously announce the cutbacks to avoid news leaking to the press. Furthermore, they were all briefed to give the exact same message to their employees, giving them little room for their own story. Com-

munication was therefore rather formal and focused on the political need to cut back. As one of them explained:

*"I think I knew about three hours in advance what I had to say. Yes, that was directed, all prison directors knew that they were getting a call in the morning about what they had to tell their employees at 1 o'clock in the afternoon. That was the same across the whole country."* (Case 1)

Public managers in case 2 and 3 reported much greater freedom in how they delivered the message that cutbacks were to be implemented. Cutbacks within these organisations were less substantial and would not lead to any employees being laid off, and were therefore not seen as politically sensitive topics. At the same time, public managers did not expect the cutback-related changes to be welcomed with open arms. In the case of adapting a flexible working approach, public managers did not expect employees to be overly keen on using flexible working arrangements in place of having a desk and an office for themselves. Nevertheless, public managers argued that they had a convincing framing to advocate for such a change: that the implementation of flexible working-arrangements would mean that desks, rather than people, would be cut from the budget:

*"Listen, we can choose between sending colleagues away or having fewer desks."* (Case 2)

*"Cutbacks on housing simply means more working people."* (Case 2)

Highlighting that cutting back on housing costs and implementing flexible working arrangements were ways to avoid cutbacks on personnel is an example of managers focusing on the necessity of the change, rather than framing it as a way to improve work, for example by emphasizing that work-life balance could be enhanced through flexible work arrangements. Asked why they chose this line of communication, the public managers emphasized that they did not believe that their employees would believe that innovation was the rationale behind the changes, and that neglecting the true purpose of the cutbacks would not diminish resistance.

In all three cases, public managers argued in favour of being open about the primary rationale behind the change, rather than coming up with a way to frame the changes in a positive light and linking them to a compelling vision. As a public manager put it:

*"I have told it realistically [....] Because, if you come up with a story like "we have now found a way to work that is better than anything we have done before", well, we are all able to judge that it is all a very arbitrary story"* (Case 2)

In order to keep employees up to date about the progress of implementing cutback-related changes, different means of communication were used. Many public managers used their weekly staff meetings to reflect on the change processes. Other means of communication during the process were using newsletters and blogs on how cutback-related changes unfolded. Public managers argued that keeping employees informed was important for them, yet (especially for lower-level public managers) whether they could inform their employees was dependent on the information they received from the top-management level.

Overall, public managers set out to communicate a truthful and authentic story, explaining that cutbacks were the driver for the changes occurring in the organisation. The room to adjust that story to their specific circumstances was smaller where the impacts of the cutbacks were greater.

## Interaction with employees

*Employee involvement*

In all three cases, the proposed cutback-related changes were decided upon in a top-down manner by the organisation's management board, an approach which is common in times of crisis. During these decision-making processes, public managers in the highest echelons usually only interact with employees with formal roles, such as through an employees' council or the labour unions, and not directly with 'regular' employees. This means that higher-level public managers do not always engage lower-level management (their subordinates) in decisions. Mostly, the lower-level public managers were simply confronted with predetermined cutback-related changes from their managerial superiors and tasked with making these changes work. During the implementation of cutback-related changes, lower-level public managers, as direct supervisors, did try to engage their employees in the process. As one respondent explained:

> *"These are top-down decisions about cutbacks, and about cutting back on accommodation. I think that there was only minor involvement of employees in that process (…) the way that the cuts are implemented, that is the moment when employees can make concrete suggestions." (Case 2)*

The cases differ in the extent to which employees were involved in the cutback-related change process. In the first case, only top-level managers were involved in the decision-making process, with managers in the lower echelons being confronted with having to close their prison and lay-off personnel at very short notice. Confronted with targeted cuts that were tightly specified and fixed, they had little room for manoeuvre and saw little opportunity to involve employees in this process. Further, they did not anticipate that involving employees in the process of closing their organisation would increase acceptance of the decision. As one manager put it:

> *"Well, employees are not really inclined to participate in some sort of self-hanging exercise." (Case 1)*

Public managers in the second case did, however, use participation in the implementation of flexible working arrangements as a means of ensuring employee support. In doing so, they invited employees to think along about aspects such as the layout of the new offices, the type of furniture needed to accommodate flexible working, and also about the rules for the new ways of working (such as how employees could be reached when working from home or when they would be allowed to work from home). As one of the respondents explained:

> *"In my view, if you give people the feeling that they could contribute something to the decision-making process, they will easier accept it [the changes] (…) It's ownership, and that within a framework. Every time, there were certain degrees of freedom in what you could choose to do, and that is where employees were explicitly involved." (Case 2)*

For some public managers, involving employees in cutback-related changes was also necessary to ensure that their leadership behaviour remained congruent with organisational culture and norms:

> *"I don't like just implementing things in a top-down way. I know that other ministries say: 'you have to cut back so we just reduce your budget, and this is what you get.' But it does not work that way in our organisation (…) Here, everyone has an opinion, and everyone is allowed to have one. There is a really informal setting. So, you have to organise the process differently, otherwise it will lead to problems later on."* (Case 2)

In general, public managers were inclined to use employee participation in the change process to decrease resistance, rather than to make use of their employees' expertise. This was specifically seen as an important activity for direct supervisors. However, whether public managers can and will involve employees meaningfully in the change process seems to depend on the impact of the cutbacks that they are confronted with. In addition, public managers in the higher echelons primarily interact with employee representatives rather than through their immediate juniors.

*Attention to the needs of employees*
In all three cases, most public managers seemed well aware that cutback-related changes could affect employee wellbeing. While there was little or no opportunity for employees to engage with the change process, public managers invested time in discussing with employees their uncertainties and worries regarding the cutbacks. Interestingly, public managers in the first case mentioned that they had a lot of one-on-one conversations with employees in dealing with the insecurities of personnel that would have to find new jobs. As current daily practices needed to continue until prison closure, it was important for them to motivate and help staff. For managers who had to deal with substantial changes within the organisation, the message in individual talks was clearly focused on the inevitability of decline. As one of the respondents argued:

> *"Well, it is mostly about being clear about the fact that we are going to do it. So, there is no escape. And, at the same time, but that is mostly a task for the heads of department, we have to take notice that some people do not like these changes. You should not say that they are whining. You have to say we are going to do this and that. The tone of voice is very important in how you say such things."* (Case 2)

Again, individual consideration was emphasized as a responsibility of directors or heads of departments, rather than an activity for the higher-level public managers. Department-level public managers, as their direct supervisors, are not only the first to talk to employees but also the ones who can see most clearly how cutbacks affect employee wellbeing and, possibly, organisational performance. We thus saw that giving individual consideration is one of the leadership behaviours that direct supervisors engage in, and that this is motivated by the belief that this may help in mitigating

the effects of cutbacks on employee wellbeing, or increase understanding of why cutback-related change is necessary. Most public managers argued that they neither needed nor sought support from higher-level public managers in explaining these decisions to their employees or in discussing employee needs. Moreover, lower-level managers did not receive nor seek emotional support from their supervisors.

Overall, we can observe a clear division of tasks between higher- and lower-level managers with direct supervisors fulfilling a servant role, in both upward and downward directions, with little attention to their own wellbeing.

## Role modelling

Role modelling is an important aspect of the leadership behaviour of public managers, and may be exhibited in various ways. First, higher-level public managers showed exemplary behaviour by signalling to employees that the cutbacks were also 'borne' by the management of the organisation. This could help to create a sense of equal misery if even managers are forced to give up certain privileges. As one high-level public manager put it:

> *"In my former job, I was used to having frequent lunches and dinners with guests. I have put a hold on these in this job, because I don't want that people think 'we have to cut back and our manager is having fancy dinners."* (Case 3)

For lower-level public managers, acting as role models served to increase acceptance of cutback-related changes. As one of the respondents in the second case commented:

> *"… It is leadership by example. Giving the right example. Giving up my own room as soon as possible."* (Case 2)

Giving up one's own room is an example of showing how lower-level public managers also have to deal with the consequences of cutback-related change and, at the same time, such behaviour is aimed at showing behaviour that is congruent with what is expected of employees. Furthermore, according to respondents, acting as a role model shows that you believe in the changes, which helps in gaining acceptance of the changes:

> *"Well, it can be tense but of course I do believe in it [the cutback-related changes]. Obviously, I have to express this as a member of the management team."* (Case 2)

## Orientation

The focus of attention for public managers during cutback-related changes depends on their position. Lower-level public managers are evidently more engaged with employees as they directly supervise them. Their behaviour during the implementation of cutback-related change is therefore

mostly targeted at this group and aimed at securing support for change and mitigating the negative effects of cutbacks. They do this by showing individual consideration for their employees, trying to engage them in the change process, and demonstrating role model behaviour. Especially in Case 2, the public managers were rather accommodating by strongly framing the change as cutting back on housing rather than on employees, and opting not to seek the involvement of their managerial superiors. Furthermore, the lower-level public managers in this case showed a strong focus on the policy-related tasks of their department and emphasized the importance of ensuring that the cutback-related changes were implemented while maintaining *'business as usual'*.

In contrast, public managers in the highest echelons mostly engage with formal employee representatives. Their emphasis lies on having a smooth decision-making process on what to cut back (the content of cutbacks) and, subsequently, on communicating the cutback-related changes to employees. These public managers also cooperate with their political superiors, but the extent to which there is close cooperation is dependent on the impact of cutbacks. In the first case, the most politically sensitive one, collaboration between public managers and political superiors was deemed urgent and important. Political superiors decided to keep most public managers out of the decision-making process, leaving public managers in the dark about what was going to happen to their organisation and employees. This strongly affected the cutback-management process. In the other two cases, the absence of strong cooperation between public and political leaders was explained in various ways. One respondent argued:

> *"You just try to minimize the disturbance for your political superior. We [the public managers] ensure we handle it."* (Case 3)

Most respondents within the second and third cases argued that internal changes within ministries are not that politicized, and therefore do not get as much attention as politically salient policy issues such as prison cutbacks. As cutbacks in the internal apparatus are regarded as a management issue, rather than a political one, many respondents felt that it was, and should be, the public managers who shoulder the responsibility for internal cutback-related changes.

With regard to cooperation with external actors, clear differences between the cases were apparent. When cutbacks have a major impact and are politically salient, a large number of external actors become involved. For example, in the prison sector, labour unions, national and local politicians, experts from the judiciary, and many other actors had something at stake. The involvement of these actors can be explained by the fact that closing prisons not only affects employees, but also many actors who engage with prisons, such as local businesses and other organisations in the judiciary sector. Furthermore, as lower-level public managers were kept out of the decision-making process by higher-level public managers and political actors, they sometimes chose to instead interact with external actors in an ultimate attempt to affect the decisions regarding cutbacks.

In the two other cases, case 2 and 3, which had a low political profile, public managers argued that they did not have to interact with actors beyond their organisation apart from those or-

ganisations that are responsible for central governments' accommodation and/or the Ministry of Finance. The additional interviews with policy advisors and the documents studied showed that some external advisors or organisations had been hired to help with the implementation of flexible working-arrangements, for example by giving in-company training on the use of electronic tools. Nevertheless, there were many fewer external actors involved than in the case where prisons were being closed.

## 5.5 DISCUSSION

In this section, we discuss the theoretical implications of our study and formulate propositions on leadership behaviour in cutback-related change processes. Following Johns (2006) we develop two types of propositions: propositions that show how characteristics of cutbacks affect the prevalence of specific leadership behaviours, and propositions that focus on what leadership behaviour is manifested in the context of cutback-related change. We start with the latter, formulating two propositions on how characteristics of cutbacks affect leadership behaviour. Then, we formulate four propositions on leadership behaviour related to communication, employee interaction, and role modelling during cutbacks in which we elaborate on the manifestation of behaviours and their underlying motives.

We observed that when the magnitude and therefore the impact of cutbacks is higher, the tendency to centralize decision-making is stronger. Crisis leadership literature explains this tendency by referring to the need for rapid and smooth decision-making (Boin and 't Hart, 2003; Van Wart and Kapucu, 2011). Especially when cutbacks result in layoffs (the greatest impact of the cutback-related changes in this study), public managers choose '*not to let the turkeys vote for Christmas*' (Schmidt et al., 2017). With decision-making centralized, only public managers in the highest echelons, sometimes together with political actors, are involved in decisions regarding cutback-related change. In such centralized decision-making processes, both the content of the changes as well as the process through which these will be implemented are forced upon lower-level public managers in a top-down manner. Our first proposition is therefore:

> *Proposition 1: The greater the impact of the cutbacks, the more likely that decision-making is centralized and the content and process of cutback-related changes are predetermined for the lower-level public managers.*

In addition, we made two noteworthy general observations on leadership behaviour during cutbacks. First, we observed that most leadership behaviour is oriented downwards. Where cutbacks are disruptive and have a significant impact, higher level public managers tend to target their behaviour at political superiors; whereas, in other situations, leadership behaviour is primarily targeted at subordinates. Second, we found that the various aspects of leadership as presented in

table 5.1, i.e. communication, interaction with employees, and role modelling, involve different behaviours at different levels of the organisational hierarchy thus showing the importance of taking public managers at different managerial levels into account (Van Dam et al., 2008). Although crisis leadership behaviours were mostly observed at the top management level (where the decisions regarding the content of cutbacks are made), elements from change leadership and transformational leadership are seen across the various levels, but to different extents for the various dimensions and associated with different behaviours. This leads to our second proposition:

> *Proposition 2: During cutbacks, public managers' positions within the organisational hierarchy affect their leadership behaviour regarding communication, interaction with employees, and role modelling.*

Propositions 3, 4, 5, and 6 reflect how certain aspects of transformational leadership and change leadership are shaped by the context of cutbacks, and therewith built on proposition 1 and 2.

We found that most behaviour related to communication is associated with explaining the inevitability, desirability, and urgency of the change, rather than communicating a compelling vision (see, for example, Behn, 1980; Van der Voet et al., 2013). The centralization of decision making also impacts on the communication by public managers towards their employees. In Case 1, lower-level public managers were not consulted about what form the cutback-related changes should take, or how they should be implemented, but were still expected to 'sell' the decisions to their employees. Their subsequent focus on the urgency of the changes, rather than framing their communication around an inspiring vision of the future, could be stimulated by the fact that these plans were not their own and therefore they lacked ownership. In Case 2, a strong frame was built around the notion that employees could choose between losing their desks or their jobs. Managers argued that an alternative approach, for example framing these changes as a necessary part of innovation, would be counterproductive and result in resistance as all employees would see through this smokescreen and figure out for themselves that cutbacks were the key driver of the change processes. Indeed, Kiefer et al. (2014) have emphasized that although public managers might frame changes to gain support for cutback-related change, employees may still see changes as cutbacks, whether disguised within an inspiring vision or not. As cutback-related changes generally seem to receive limited support from employees (Wright et al., 2013), public managers may thus try to appeal to a sense of urgency to gain acceptance of the changes by their employees. Our third proposition therefore is:

> *Proposition 3: Public managers responsible for implementing cutback-related changes communicate the necessity of change, rather than a vision of the future organisation, to gain employee support for change.*

Attempts to engage employees in the change process, could be seen at all managerial levels. However, while top-level managers engaged only with formal employee representatives during

decision-making, the lower-level managers attempted to engage with all employees in implementing cutback-related changes (Weick, 2001). This leadership is primarily targeted at implementing changes already decided upon and adopting ways to do so effectively. The very limited scope for influence has a large impact on the repertoire of leadership behaviours, as usually posited by change leadership and transformational leadership studies (Wright and Pandey, 2010; Van der Voet et al., 2013). Public managers within our study did see value in employee participation during cutbacks, believing that this could increase support for change. However, they are only able to engage their employees on minor aspects of the changes within a more general framework. This means that rather than seeking to intellectually stimulate their employees to come up with ideas based on their expertise (one of the aspects of transformational leadership), we observe change leadership behaviour aimed at securing support for change, such as asking employees' opinions or input on the matter at hand. This leads to our fourth proposition:

> Proposition 4: Public managers responsible for implementing cutback-related change cannot put much emphasis on employee participation in the change process because processes during cutbacks tend to be centralized. Nevertheless, they seek ways to involve employees in aspects of the implementation to foster support for cutback-related changes.

Alongside trying to engage employees in the change process, public managers in our study chose to pay attention to individual needs, while, at the same time, they stuck to their plans. Such leadership behaviour, exhibited by lower-level public managers, is thus aimed at showing employees that their worries and needs are listened to, but also that changes need to go through. This is an interesting finding, as this clearly shows how individual consideration gets a particular meaning in the context of cutbacks. Individual consideration in this context, is mostly about recognizing uncertainties and worries of employees (in line with, for example, Van der Voet and Vermeeren, 2017), without giving the impression that taking these into account may change any ongoing cutback-related changes. This observation leads to our fifth proposition:

> Proposition 5: Public managers responsible for implementing cutback-related changes will consider individual needs, but only to a limited extent, since the cutback-related change processes need to proceed.

Role modelling leadership behaviour was found at various levels of the organisations. At the top, role modelling was exhibited by showing that even high-level public managers are victims of cutbacks, by cutting back on some of their privileges. Such behaviour can be intended to make employees identify with their manager (Bass et al., 2003). Lower-level managers tried to be role models and show the behaviour they desired from their employees by partaking in the cutback-related changes. By being a good example regarding flexible working or cutting back on non-essential expenditure,

such as lunches and dinners in Case 3, managers at all levels sought to show that they were also affected by cutbacks and persuade others to follow their lead. The sixth proposition is therefore:

> *Proposition 6: Public managers responsible for implementing cutback-related changes, in order to smooth resistance to change, will act as a role model by bearing the consequences of cutbacks themselves and behaving in ways they expect of their employees.*

## 5.6 CONCLUSION

Our qualitative study aimed to explore leadership behaviour of public managers when faced with cutbacks in their organisation. Our study makes two contributions. First, it offers substantive insights about leadership behaviour of public managers that are assigned the task of managing cutbacks. These insights contribute to the cutback management literature that so far has focused on the macro level rather than the meso and micro level of public managers' behaviour within organisations. Second, it relates three leadership theories to the context of cutback management. This offers insights into the manifestation and prevalence of leadership behaviours described in these theories within this context.

Our study shows that a context of cutbacks triggers centralized decision-making and top-down planned change processes. In turn, this narrows the room to manoeuvre for lower-level public managers. Within such processes, much of their leadership behaviour is aimed at securing employee support for change. At the same time, public managers in different positions in the organisational hierarchy, and in different circumstances, show different leadership behaviours. Whereas crisis leadership literature can help understand higher-level public managers' leadership behaviour during decision-making, transformational leadership and change leadership characteristics are more evident in lower-level public managers' leadership behaviours during the implementation of cutback-related change.

Our review of the theories shows differences and commonalities between the theories and their expected applicability to the context of cutbacks, yet the empirical analysis shows how the behaviours that comprise the components of the leadership theories manifest themselves in a context of cutbacks. This is important, as leadership theories, and more specifically transformational leadership theory, are empirically examined in a wide variety of contexts, without however, scrutinizing the implications of those contexts for the constructs these theories are built on. Moreover, this study has not only emphasized the importance of including context in the study of leadership, it also highlights that future research should give greater attention to the interdependencies of leadership behaviour by public managers at different positions in the organisational hierarchy. That is, leadership is a process that is shaped by various actors within the organisation, a reality that managers in our study did not always seem aware of.

Our findings and discussion underline the importance of combining different leadership theories (Vogel and Masal, 2015; Crosby and Bryson, 2018) as these can help shed different, but complementary, lights on leadership behaviour within an organisation. With the formulation of the propositions the study aims to contribute to the three leadership theories that have been used in this study. For transformational leadership, our study shows that during cutbacks public managers appeal to the urgency of having to implement cutback-related changes, rather than focusing on transforming basic values, beliefs, and attitudes of their employees (Podsakoff et al., 1990). Crisis leadership, in turn, was visible in the leadership behaviour of public managers at higher hierarchical levels more strongly so than at lower hierarchical levels, for example, by centralizing decision-making processes (Boin and 't Hart, 2003). For change leadership, lastly, we argue that a context of cutbacks may induce behaviour that is primarily focused on getting support for change. Communication, interactions with employees, and role modelling are all aimed at making sure that resistance to cutback-related changes diminishes (Van der Voet et al., 2013). In particular, behaviour is not aimed at persuading employees that cutback-related changes can be beneficial but rather, that such changes are inevitable.

By formulating propositions, we provide other researchers with new questions and hence try to increase the external validity of our study through theoretical generalisation (Toshkov, 2016). Further research could focus on studying leadership in different institutional or administrative settings, where public managers have different roles, to further increase our understanding of the importance of managerial position. Comparative research will help us along this road. Further, comparing leadership behaviour more systematically in different phases of a cutback management process, and studying the interdependencies of leadership on the strategic, organisational, and direct levels could lead to a fuller understanding of how leadership is shaped. This would require a longitudinal research design, which is admittedly not easy to arrange when attempting to study organisations going through difficult times.

We studied leadership in a somewhat distant way: through interviews rather than by *'being there'* (van Dorp, 2018). Interviews are a useful method for capturing why public managers engage in certain leadership behaviours, but managers can only explain how they acted and why they did so. This captures leadership as intentional behaviour, emphasizing the difficulty in studying leadership behaviour without incorporating its intentions. Also, interview data do not necessarily capture how public managers act in the heat of the moment. As such, especially studies focusing on leadership in a particular context, such as our study, could benefit from ethnographic approaches that offer a more sensitive and precise way of investigating how context shapes leadership behaviour and would complement insights from interviews. Last, the emphasize in our study was on leadership behaviour of public managers and the underlying motives. However, as shown in the study by Jacobsen and Andersen (2016), leadership as intended does not necessarily correspond with how leadership is perceived by employees. Further studies on the perception of leadership during cutbacks, help us understand the extent to which intended leadership and perceived leadership in this particular

context corresponds. One could expect that a context of cutbacks may lead to greater misalignment compared to contexts of growth.

As a conclusion, we would emphasize that, by being sensitive to context, qualitative research can help illuminate and build theory on the prevalence and manifestation of leadership behaviour in particular contexts. As leadership studies are increasingly appraising the importance of context, we would therefore highlight the important role that qualitative research can play for leadership scholars in a field still dominated by quantitative methods.